



Norman H. Bangerter
Governor
Dee C. Hansen
Executive Director
Dianne R. Nielson, Ph.D.
Division Director

State of Utah

DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

355 West North Temple
3 Triad Center, Suite 350
Salt Lake City, Utah 84180-1203
801-538-5340

M/037/050

June 22, 1992

TO: Dianne R. Nielson, Director

THRU: D. Wayne Hedberg, Permit Supervisor *DWH*

FROM: Holland Shepherd, Senior Reclamation Specialist *HS*

RE: Complete Surety Release, Red Rock Mine, S and S Mining Company,
M/037/050, San Juan County, Utah

Please find attached copies of the following supporting documents: 1) the operator's surety; 2) my last field inspection memo; 3) letter of concurrence from the BLM; and 4) draft letter releasing the reclamation surety.

The operator has met all of the Division's requirements for release of reclamation surety. Therefore, I recommend complete/ultimate reclamation surety release for the Red Rock Mine. I am available to answer any questions or concerns that you may have in this regard. Thank you for your time and consideration of this recommendation.

*Approved and
letter of release
signed 6/25/92.
DR Nielson*

jb
Attachments
M037050



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June 25, 1992

Mr. Clayton Stocks
S and S Mining
P. O. Box 414
Moab, Utah 84532

Dear Mr. Stocks:

Re: Division Release, Certificate of Deposit, Red Rock Mine, S and S Mining Company, M/037/050, San Juan County, Utah

This letter is forwarded in response to your recent telephone inquiry wherein you requested the release of the reclamation surety currently held by the Division of Oil, Gas & Mining (Division) for the Red Rock Mine. The Division and the Bureau of Land Management (BLM) have evaluated the reclamation success at the Red Rock mine and have found it to be satisfactory. The Division hereby releases its interest in co-ownership of Certificate of Deposit #1596159, original amount \$1,650.00, held by the First Security Bank, Moab office.

First Security Bank has advised us, that an original signed letter will be adequate to allow them to release the Certificate back to you. Please take this signed letter to First Security Bank to obtain release of the funds securing the Certificate.

Thank you for your diligence in meeting the reclamation requirements of the State Mined Land Reclamation Act.

Best regards,

Dianne R. Nielson
Director

jb

cc: Don Cook, First Security Bank, Moab
Brad Palmer, BLM, Grand RA

RECEIVED
OCT 04 1989

EXHIBIT B

First Security Bank

First Security Bank of Utah, N.A.

00*0591####

10/03/89 09:51:00 045 5015 4499 COPY

6919691 Deposit Receipt

110383 JSIM

No 1596159

Issued at (Office) Moab Office City and State Moab, Utah

Received of State of Utah, Board of Oil, Gas and Mining
and S & S Mining Company, a co- partnership Owner(s)
The Sum of One Thousand Six Hundred Fifty and no/100 Dollars

Terms and Conditions. This deposit is subject to the terms and conditions stated on both sides of this Deposit Receipt and on the Deposit Conditions of the same account number issued herewith.
Interest Rate. Interest is calculated on a simple interest basis and paid as shown on this Deposit Receipt.
Frequency of Rate Change. If the interest rate on this deposit is subject to change during the term of the deposit, the frequency of change is shown on this Deposit Receipt.
Automatic Renewal. If automatic renewal is shown on this Deposit Receipt, this deposit shall be renewed for successive identical terms at each maturity date, at the then prevailing rate, unless payment is requested by the registered owner(s).
Notice Period. If the Bank reserves the right to require written notice prior to payment of this deposit, the notice period is shown on this Deposit Receipt.

SD-20A R 8/88 7Y

| | | |
|----------------------------------|----------------------------------|--|
| Office Number 045 | Product Code 155 | Account Number |
| Date of Deposit 10-3-89 | Amount \$ 1,650.00 | |
| Interest Rate 7.95 | Frequency of Rate Change None | |
| Maturity Date 4-3-90 | Term 6 Months | Frequency of Interest Payment Semi-annually |
| Automatic Renewal Yes | Notice Period N/A | Interest Payment Method Cashier's Check |
| Social Security or Tax ID Number | | |

Received by
Authorized Signature

Don Cook

Depositor Copy

If Original needed contact Don Cook
at First Security Bank.

Linda



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May 18, 1992

Wayne:
fill me in: Do we
recommend final release of surety
to the Board? if so, can we
do it at June mtg?
not necessary
unless contract,
Board or self bond. June 6-1

TO: Minerals File

FROM: Holland Shepherd, Senior Reclamation Specialist HWS

RE: Site Inspection, Clayton Stocks, Red Rock Mine, M/037/050, San Juan County, Utah

Date of Inspection: May 13, 1992

Time of Inspection: 9:00 a.m. to 10:30 a.m.

Conditions: Warm, sunny

Participants: Sal Venticinque, BLM; Holland Shepherd, DOGM

The purpose of this inspection was to evaluate the Red Rock mine for complete bond release. The site had been reclaimed in the fall of 1989 and is now ready for revegetation success evaluation and possible complete bond release.

Mr. Venticinque and I agreed that the site can be released in its entirety after a couple of things have been fixed by the operator. One of those things is to repair a sink hole that appears in the mine access road and may have resulted from water connecting with underground workings or water finding an old drill hole. The sink hole is about 3 feet in diameter and about 4 feet deep at this time. Someone has thrown an old dead juniper tree in the hole to help plug it up. It appears that it will continue to expand and grow unless somehow it can be filled and repaired. Also, even though the operator established some large berms to prevent people from going onto the site, people have reestablished the roadway on the site that goes through the site and then up onto the higher areas above the mine site. We have asked Mr. Clayton Stocks to reestablish these berms to prevent further access onto the site and to ultimately help stabilize the site.

We contacted Mr. Stocks when we got back to Moab after visiting the site and spoke to him about the work we wanted to see done. He indicated he would go out to the site on his own, evaluate the situation and get back to us regarding any further discussion.

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Site Inspection
M/037/050
May 18, 1992

Currently, a \$1700 Certificate of Deposit exists as surety for this site and can be released directly to Mr. Stocks once the Division and BLM is satisfied that work has been completed.

I received a call from Mr. Sal Venticinque of the BLM, on May 18, 1992. He indicated to me that he and Mr. Stocks had visited the site and repaired the sink hole. He also indicated that Mr. Stocks had convinced him that repairing the road berms would be pointless because people would still drive around them. I agreed to leaving the road berms alone.

I recommend that the Division release Mr. Stocks from further reclamation obligations at the Red Rock and refund the operator's surety. Please see the attached photos taken during this last inspection.

jb

cc: Mr. Clayton Stocks, operator
Lowell Braxton, DOGM